

Subject: Land sale	Request to purchase a piece of Housing Revenue Account land on Mile Oak Road, Portslade
Date of Meeting:	14 March 2018 - Housing & New Homes Committee 29 March 2018 - Policy, Resources & Growth Committee
Report of:	Larissa Reed Executive Director Neighbourhoods, Communities & Housing
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Ward(s) affected:	Portslade North

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 A request has been made to purchase a piece Housing Revenue Account (HRA) land, adjacent to 336 Mile Oak Road, Portslade, BN41 2RA for the sum of £27,000 with an additional offer of £500 towards legal costs.
- 1.2 Restrictive covenants over the land would not allow the purchaser to develop the site for Housing. It is not viable for the council to develop this site for housing itself due to the cost of relocating the electrical substation. The remaining area would not be large enough to build a home on even if the electrical substation were removed.
- 1.3 The Housing & New Homes Committee and Policy, Resources & Growth Committee are required to consider the recommendations in this report as the value of the land exceeds £25,000 (which exceeds the Executive Director's delegated power).

2. RECOMMENDATIONS:

- 2.1 That Housing and New Homes Committee recommend to Policy, Resources and Growth Committee that the council sell the freehold interest of the subject land adjacent to 336 Mile Oak Road as detailed in the attached plan.
- 2.2 That the Housing and New Homes Committee recommend to Policy, Resources and Growth Committee that the capital receipt is used to support the HRA Capital Programme.
- 2.3 That the Policy, Resources and Growth Committee approves the disposal of the freehold of the land adjacent to 336 Mile Oak Road, as indicated in the attached plan, for £27,000.

- 2.4 That the Policy, Resources and Growth Committee agree that the capital receipt arising from the sale of the freehold of the land adjacent to 336 Mile Oak Road be used to support the HRA Capital Programme.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The HRA owns a small hard-standing and garage next to 336 Mile Oak Road held for the purposes of Part II of the Housing Act 1985.
- 3.2 Prior to 2015 the land was used for informal off-street parking by local residents which prompted the local residents to formally ask if they could purchase the plot for off-street parking.
- 3.3 We do not consider there is any development potential for additional council housing on this site owing to the constraint imposed by the electrical substation. The existing garage is empty and, owing to its condition, is not able to be let by the council and would require significant investment to bring back into service. There have been two rounds of marketing to realise best consideration for the site. In 2015 offers were invited from the open market. However the council could not proceed with the final bidder. In 2017 the site was re-marketed. The bidding process was restricted to the immediate neighbours, who could be argued to have a 'unique' interest in this piece of land. Should disposal be agreed, the council could then approve the highest bidder, subject to contract and maintain the existing restrictive covenants which do not allow development of the site beyond its current use.
- 3.4 An external valuation has been prepared in accordance with the Valuation Standards, Guidance Notes and Appendices contained in the RICS UK Valuation – Global Standards July 2017 – “The Red Book”. The conclusion from this report is that the £0.027m purchase price represents best consideration for the council.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Consideration has been given to alternative options outlined below both of which would result in a subsidy requirement from the HRA.
- 4.2 Option 1 is to repair the existing garage and rent out with decreased void loss alongside two additional parking bays. Over a 5 year period this would generate rental income of £0.004m. When compared to the expenditure of £0.013m to repair the garage and create the additional parking spaces it results in a £0.009m subsidy requirement. Over a 30 year period the rental income would total £0.024m, compared to expenditure of £0.046m. Therefore there would be a subsidy requirement of £0.022m.
- 4.3 Option 2 is to demolish the existing garage and convert the space into three parking bays. Over a 5 year period this would generate rental income of £0.002m. When compared to the expenditure of £0.017m to demolish the garage and create the parking spaces it results in a £0.015m subsidy requirement. Over a 30 year period the rental income would total £0.012m, compared to expenditure of £0.036m. Therefore there would be a subsidy requirement of £0.024m.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Both current and previous ward councillors have been consulted and indicate support for the disposal of this land. Consultation with neighbouring residents is detailed in the report.

6. CONCLUSION

- 6.1 This proposal provides the council with an opportunity to release an unviable asset and invest the capital receipt to meet key strategic priorities as outlined in our HRA Asset Management Strategy.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 This report proposes that the Housing Revenue Account (HRA) receives an estimated £0.027m as a capital receipt from the sale of land adjacent to 336 Mile Oak Road. There would also be an additional sum to contribute to the legal fees associated with the sale. The £0.027m receipt has been confirmed by external valuers as best consideration, after considering the number of restrictions at the site.
- 7.2 The receipt is above the £10,000 de-minimus level for the sale of land and as a result will be recorded as a capital receipt. The permitted use of capital receipts is for it to be ring-fenced for re-investment into the HRA Capital Investment Programme. Making use of the receipts in this manner will reduce the need for borrowing..
- 7.3 The financial test carried out indicates that both options would result in a net cost over thirty years ranging from £0.022m and £0.024m, whilst the estimated income, as mentioned in paragraphs 4.2 and 4.3 of the main report, does not match the level of capital receipt for either the 5 or 30 year period. The option to sell the freehold of the land therefore represents best value to the HRA.

Finance Officer Consulted: Craig Garoghan

Date: 08/01/2018

Legal Implications:

- 7.4 With reference to the recommendation that the Council sells the freehold interest in land adjacent to 336 Mile Oak Road, the General Consent for the Disposal of Land held for the purposes of Part II of the Housing Act 1985 – 2013 permits a local authority to dispose of vacant land provided the sale price reflects its market value. "Vacant", in relation to land means land on which no dwelling-houses have been built or where dwelling-houses have been built, such dwelling-houses have been demolished or are no longer capable of human habitation and are due to be demolished.

Lawyer Consulted:

Name Joanne Dougnaglo

Date: 30/11/2017

Equalities Implications:

- 7.5 There are no equalities implications arising directly from this report. Our HRA Budget Investment Programme and Asset Management Strategy are subject to Equalities Impact Assessment.

Sustainability Implications:

- 7.6 There are no sustainability implications arising directly from this report.

Any Other Significant Implications:

- 7.7 These are outlined in the body of the report.

SUPPORTING DOCUMENTATION

Appendices:

Plan of site is attached.

1.

Documents in Members' Rooms

There are no documents in Members room.

Background Documents

There are no background documents

Appendix 1

Crime & Disorder Implications:

- 1.1 There are no crime and disorder implications arising directly from this report.

Risk and Opportunity Management Implications:

- 1.2 These are outlined in the body of the report.

Public Health Implications:

- 1.3 There are no Public Health implications arising directly from this report. Our HRA Budget Investment Programme and Asset Management Strategy align to our overall Housing Strategy which has been subject to consultation with Public Health colleagues as well as other key stakeholders.

Corporate / Citywide Implications:

1.4 There are no Corporate or citywide implications arising directly from this report. Our HRA Budget Investment Programme and Asset Management Strategy align to our overall Housing Strategy approved by Council and Brighton & Hove Connected.

